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Business Update Call

MANAGEMENT DISCUSSION SECTION

Operator:

Ladies and gentlemen, thank you for standing by. We'd like to welcome you to the NeuStar Investor Conference Call. The company's release, made earlier today, is available from its website at www.neustar.biz. [Operator Instructions]. As a reminder, this call is being recorded, Wednesday, January 28, 2009. A replay will be accessible until midnight, February 11, by dialing 888-203-1112 and entering conference ID number 4807483. International participants should dial 719-457-0820. An archive of this call will also be available on the NeuStar website at www.neustar.biz.

I'd now like to turn the conference over to Brandon Pugh, Director, Finance and Investor Relations of NeuStar. Please go ahead.

Brandon Pugh, Director of Finance, Investor Relations:

Thank you, and good afternoon, everyone. Welcome to our impromptu conference call today for investors and analysts. Thank you for taking the time to be with us today. On our call today, Jeff Ganek, NeuStar's Chairman and Chief Executive, will provide details of the press release that we put out today and will add color to why we amended our NPAC contracts this time. Paul Lalljie, our interim Chief Financial Officer, will further explain the financials of the amendment. Afterwards, we will open the line to questions from analysts and qualified investors.

Before we begin, I'd like to remind everyone that some of the information discussed on this call, including our projections regarding revenue and EBITDA for the coming year, contain forward-looking statements. These statements involve risks and uncertainties that may cause actual results to differ material from those set forth in the statements and we cannot assure you that our expectations will be achieved, or that any deviations would not be material.

Additional information concerning these risks and uncertainties can be found in the company's most recent periodic reports filed with the US Securities and Exchange Commission. NeuStar assumes no obligation to update any forward-looking statements. As you listen to today's call, we encourage you to have our press release in front of you that can be found on our Investor Relations website. This document includes commentary on the amendment of our

telephone number portability services contracts and financial metrics for 2009.

With that, I'm pleased to introduce NeuStar's Chairman and Chief Executive Officer, Jeff Ganek. Jeff?

Jeffrey E. Ganek, Chairman and Chief Executive Officer:

Thanks, Brandon. Earlier today, we issued a news release announcing changes to the contracts under which we provide telephone number portability. I want to briefly explain those changes. The contract amendment benefit both NeuStar and our customers. For our customers, it provides both savings and certainty of costs, along with the ability to use greater volumes of valuable, innovative services. For NeuStar, the new amendment provides certainty of revenues and, in the future, growth.

It strengthens our confidence in producing profits and cash through the recession. Most important, the amendment will keep NeuStar and the Number Portability Administration Center, or NPAC, as essential in the world of Internet protocol or IP as it is today in the voice world.

Let me first describe some details of this agreement. Under this agreement, pricing for the NPAC changes from a transaction-based model to an annual fixed fee with annual escalators. The expected NPAC revenue will range from \$285 million to \$300 million in 2009, and will grow to an expected \$466 million in 2014.

Following my remarks, Paul Lalljie will provide further details on the mechanics of the new arrangement.

The fixed-fee model will save our customers money in the near term. In 2009, our customers will pay at least \$20 million less than they paid in 2008.

Especially in these recessionary times, control of fast-growing expense items is of great importance to our customers. NeuStar benefits as well. For the first time, we will have a certain predictable recurring revenue stream from the NPAC, yielding continued annual growth after 2009.

Most important, the new amendment gives NeuStar a key role to play, as customers' demand for IP services increases. The new amendment enables NeuStar to deliver unprecedented innovative IP services. Those services will further weave NeuStar into the operating fabric of the industry and they provide us with incremental growth opportunities.

Please let me explain. Because of the great complexity and scale in managing the fast-growing IP networks, there is an emerging need for IP services from NeuStar that do not exist today. We have the opportunity to meet the industry's future needs from the NPAC.

Specifically, the contract amendment incents the industry to quickly establish and use three new IP fields in the NPAC. Those three new fields are, first one is voice URI. This field identifies a soft switch or proxy, accepting voice calls for an end-user's telephone number. A likely use of this field is to facilitate the network's tandem switch replacement. In the future, use of this field will proliferate, as growing volumes and types of calls are carried over new, next-generation IP facilities.

The second is SMS URI. This field identifies the SMS text messaging server, which can accept an SMS text message destined for the telephone number. Volumes of SMS text traffic are growing quickly, while revenues from SMS text messaging are growing slower. With SMS URI in the NPAC, the networks will be able to route SMS text traffic over IP technologies. Cost-saving opportunities here will be great.

The third field is MMS URI. This field will enable networks to use the NPAC to better manage the growing volume of MMS traffic such as picture messaging. Again, the potential for cost savings and increased reliability are great.

For our customers, the three new IP fields will reduce their costs, including cost of transitioning from voice to IP systems, cost of routing and managing fast-growing IP traffic volumes, and costs for implementing new complex IP services. The fields will also facilitate new revenue-generating services for our customers such as the extension of mobile messaging services to wire line and IP users.

The fixed-fee pricing structure will encourage our customers to use the three new IP fields. As a result, I believe NeuStar will emerge as a reliable, trusted source of services essential to IP networks. In the future, as our customers deploy new IP services beyond simple voice, SMS, and MMS, they're likely to need from a central directory additional IP data beyond the first three IP fields.

Because we're already providing the first three fields of IP data, NeuStar will be an attractive source for the additional data since customers' incremental cost will be low. Providing IP data beyond the first three fields is an opportunity for future NeuStar revenue growth beyond and in addition to the fixed annual fee defined in the new contract amendment.

Pricing structure has been changed with the expansion of customers' use of the NPAC. Three times in the past, we at NeuStar have adjusted the price to facilitate broader use of the NPAC when customers' requirements expanded beyond prior expectations. Our new pricing structure allows our customers to use increasing volumes of transactions for a fixed fee. It encourages proliferation in the market of our existing proven technology and services so that customers may use more of our existing services to solve a broader scope of their requirement.

This pricing policy is frequently seen in other high-tech markets where the effective price per unit is lowered to accelerate adoption of proven services across the broad market. As a result, we concurrently increase customer satisfaction and secure for NeuStar a recurring revenue stream that grows with certainty after 2009.

In addition to proliferating proven NPAC services, the new pricing structure encourages continued innovation. Services from new future fields in the database and large-scale growth in NPAC usage represent revenue opportunities for NeuStar that will be in addition to the fixed fee.

At this point, please let me summarize. NeuStar initiated and proposed the change in our business model. The change provides a base of certainty for both us and our customers. It's now easier for us to provide to you

visibility into the bulk of our business since NPAC revenues will grow under the contract at a certain compounded annual rate of 10% annually from 2009 through 2014.

Of course, revenues in the first quarter of 2009 will show a substantial step-down as part of this reset. We think this immediate decline is right for our shareholders, given the benefits. Even with the change, we are confident of our ability to deliver profitability through the tough recession. And the changed business model, in addition to certainty, provides enhanced future growth opportunities, especially in the emerging IP world.

I'd now like to introduce our Interim Chief Financial Officer, Paul Lalljie.

Paul Lalljie, Senior Vice President and Interim Chief Financial Officer:

Thanks, Jeff, and good afternoon, everyone. Let me take a moment to explain the changes to the pricing terms, which are effective as of January 2009 and runs through June, 2015. First, pricing changes from a transaction-based model to an annual fixed fee with escalators. The fixed fee allows our customers to use existing fields and functionality within an established range of transaction volumes. The fixed fee is derived from a base fee, which is set at 340 million in 2009 and increases thereafter by 6.5% annually for the remaining contract term.

The base fee is then reduced by fixed credits, totaling 40 million in 2009, 25 million in 2010, and five million in 2011. The base fee can further be reduced by incentive credits of up to 15 million for each of the years 2009, 2010, and 2011. These incentive credits may be earned in two ways: one, by adding telephone numbers to the database, and two, by adding certain IP functionality to the NPAC.

The incentive credits associated with the addition of telephone numbers is earned by surpassing agreed upon thresholds in each of the relevant years. The incentive credits associated with the addition of IP functionality is for the fields Jeff described earlier, that is, the voice URI, SMS URI, and MMS URI.

Additionally, the base fee I described earlier is subject to an adjustment if the annual transaction volumes fall outside of the established transaction volume range for that year. The bottom end of the volume range for 2009 is as low as 251 million transactions, and the high end of the volume range for 2009 is at least 488 million transactions.

Now to put that range in perspective, our transaction volume for 2008 totaled 372 million. Should this adjustment be required in 2009, it would be applied to invoices in 2010. The mechanics of these adjustments can be found in the amendments filed earlier today on Form 8-K.

Based on the new model, we expect 2009 NPAC revenue to range between 285 and \$300 million. This compares to \$321 million in 2008. Also, based on the new model, we expect 2010 NPAC revenue to range between 322 million and \$337 million, and 2011 revenue to range between 366 and \$381 million. For 2012, '13, and '14, NPAC revenue is expected to be 411 million, 437 million, and \$466 million, respectively. These projections do not include potential upside

revenues from additional new fields, new applications, and new user services. Moving onto our outlook for 2009, in 2009, in the face of harsh recessionary market conditions, we have reset our business. From this new base, we will grow profitably and with increased certainty. We expect NPAC revenue, which makes up more than 60% of our total revenue, to grow at a 10% compounded annual growth rate, 2009 to 2014. This amendment also strengthens our prospects for growth, incremental to the fixed fee by offering new innovative services that are essential to IP. Please note that revenues from these sources will emerge after 2009.

NeuStar continued to develop revenue streams from services outside of the NPAC. In recent years, these services grew in excess of the corporate average. In 2009, the recession may constrain growth from these non-NPAC services. However, our position in these markets remains strong, and we expect that our growth profile will resume when the overall market growth resumes.

Overall, we believe our long-term growth prospects are strong. However, given the state of the economy, we are cautious in providing multi-year revenue guidance.

For our 2009 revenue guidance, we're providing a wider range than our past practice, which is a reflection of the great economic and market uncertainty today. So for 2009, we expect revenue to range between 460 and \$490 million. The upper end of the range is our target for the year. Currently, we believe that the upper end is achievable. We have a strong and growing customer base. Our sales pipeline and leading indicators are strong. That is we have not yet experienced a reduction in our days closed sales, in usage, in churn, or an increase in bad debt.

The revenue growth required from non-NPAC services to reach the upper end of our range is equal to or less than the rate of growth that they have produced in the past. However, conditions in the market and the economy are uncertain at best. Prudent management requires that we have a plan in case market condition worsens.

The low end of the revenue range represents a downside scenario where 2009 revenues from non-NPAC services are flat compared to 2008. For such a scenario to occur, market conditions would have to see barely constrained growth.

Our confidence is high that we can produce at least 40% EBITDA margins. Even if the market condition worsens, we will manage cost to reach the EBITDA target for any revenue level within the range on a full-year basis. However, in the first quarter, even if we're on track for the upper end of the revenue range, EBITDA margins are expected to be lower than 40% as a result of the impact of the contract amendment on sequential quarterly revenue.

Note, while we're not giving quarterly guidance because of the adoption rates of the innovative services across the company, which are often lumpy, and may cause quarterly results to vary, albeit around the trend line. However, we're sharing with you the principles we are guided by and that within the revenue range we plan to hit the EBITDA objective. By the end of the year, we are

confident of reaching the 40% EBITDA target.

In conclusion, the amendment announced today resets NeuStar's business. It provides NeuStar with a reliable and recurring revenue stream for close to 60% of our business. That revenue will grow 10% annually after 2009.

Notwithstanding the prudent projections of growth for our non-NPAC revenues, long-term growth prospects are strong. When combined with our debt-free balance sheet, strong cash flows, and experienced management team, we have good reason to believe that our prospects for success in both the short and long run are strong despite the current very uncertain market environment. That concludes the prepared remarks. Operator, please open the call for questions.

Q&A

Operator:

Thank you. [Operator Instructions]. First question comes from Tom Ernst at Deutsche Bank.

<Q - Thomas Ernst>: Good afternoon, gentlemen. Thanks for taking my question.

<A - Paul Lalljie>: Good afternoon.

<A - Jeffrey Ganek>: Good afternoon, Tom.

<Q - Thomas Ernst>: One quick numbers question, and then I had a business question if it permits. So Paul, you said you're targeting a 40% EBITDA margin by the end of the year? Did you mean 40% EBITDA margin for the full year, or the run rate of profitability in Q4 as you exit the year?

<A - Paul Lalljie>: I meant for the full year. On a full-year basis, 40%

<Q - Thomas Ernst>: Okay, perfect. That's what I thought you meant by the press release. From the business side, what are you seeing in terms of transaction volumes? You gave us a very, very broad range for 2009. Are you seeing a significant decline here as your expectation for 2009, or are they more steady?

<A - Jeffrey Ganek>: We see no decline at all. In fact we have very strong volumes and a very strong and growing pipeline that demonstrates strong customer demand. Customer demand for volumes of transactions has been growing steadily and at a fast rate for the last 12 years. We continue to see that trend.

<Q - Thomas Ernst>: One final follow-up and I'll let others ask questions. Who initiated the conversation? Did you approach the customers and asked for this restructuring? Or was this started because they were looking for

discounts? Thank you.

<A - Jeffrey Ganek>: Sure, Tom. NeuStar conceived of and initiated the proposed change in the contract. We were not approached by our customers. This is wholly a NeuStar initiative.

<Q - Thomas Ernst>: Thank you, again.

Operator:

We'll now move on taking a question from Sterling Auty with JPMorgan.

<Q - Sterling Auty>: Yes. Thanks. The first question is, what certainty do you have in this contract that you really will become the platform for IP-based services/ENUM, meaning is there any exclusivity to it? Or what gives you the confidence of gaining that position?

<A - Jeffrey Ganek>: Sure. Hi, Sterling. There is not any exclusivity. I don't think there ever could be or would that ever be appropriate. It wouldn't fit the model of the market. However, what this does do is takes an existing platform that all networks are currently physically interfacing with, they're currently depending upon it for routing virtually all telephone calls and it puts into that database the first three simple IP data points that are necessary for the first simple IP applications that the networks are going to provide.

We believe that once the networks start using the NPAC for those IP data sources, that it will be very attractive to them to look to NeuStar for increasing volumes of transactions in the IP area. More importantly, as the scope, scale, and complexity of their IP offerings increase, they'll need additional IP fields. When that happens, it will be easier and less expensive for them to take that data from the NeuStar NPAC, since they're already hitting us for routing of traffic.

<Q - Sterling Auty>: Okay. And then the follow-up would be, was there any discussion of extending the term of the contract beyond 2015? And what was the push back? Or what was the rationale for keeping the 2015?

<A - Jeffrey Ganek>: We did not propose nor did we discuss extending the term of the contract.

<Q - Sterling Auty>: All right. Thank you.

Operator:

And let's move on now to John Bright, Avondale Partners.

<Q - John Bright>: Thank you. Jeff, if transactions were expected to grow in 2009, why did you initiate the conversation?

<A - Jeffrey Ganek>: Good question, John. Since our start in 1997, the way customers have used the NPAC has changed dramatically. On a steady basis, over the last 11, 12 years, there's been a march towards higher and higher volumes, more fields, more applications. Over that period, three times we have willingly changed our pricing and business model to facilitate the changing way customers approach the NPAC. Each of those changes that we agreed to lowered the effective price per transaction and after each change, our volumes and revenues grew at rates faster than we expected. And, John, this is common in high-tech markets. It's common for initial price levels to be high. As a product or service is proven in the market, then frequently the per unit price is lowered to facilitate accelerated adoption broadly across the market. And innovation then delivers next generations with new technology and added performance. The new innovative products and services deliver new incremental growth over and above the revenues from the existing, now high-volume products. Our market today is going through a disruptive change. It's the IP revolution. We have an opportunity to move now, to move early, pushing our existing, proven product out to the broader market, more uses by more customers, more certain revenues all the way through 2014. And we can get IP in the NPAC that positions us for large future growth in the next generation. And it gets us there before there's another source. As I just said, we initiated this change because we want to get there first. And we can do it in a way so that through a tough recession, we increase the certainty of future revenue growth so that we can produce reliable, attractive profits. John, we did it because we believe the new business model fits the current and emerging market requirements. As we've done in the past, we'll continue to manage this business in a proactive way for the long-term growth and profitability of the business. When that requires changes in prices, changes in prices in a high-tech, fast-moving, fast-growing market we'll do it. But only when the payoff for long-term growth is real, as we believe it is here.

<Q - John Bright>: So then my follow-up question would be, Jeff, if I played devil's advocate, you've got six years out in front now. You've got six in additional credits going through 2011. They drop off at that point. What's to say that competitive issues don't come into play? And by the way, did they come into play, maybe with Telcordia here, one? But what's to say you're not going to be renegotiating this again, given that we've been through this as recently as, what, two years ago?

<A - Jeffrey Ganek>: So I understand the question, the best I understand it, this redefinition of the business model has nothing to do with competitive pressures. As I said, we at NeuStar unilaterally conceived of the change. We approached. We initiated the discussions with our customer. And I can't say, because I don't know, whatever conversations the customer may have had with

other suppliers. All I know is unilaterally they talked to us about these changes.

John, as to future changes in the marketplace, we have not been, over the last 11, 12 years, and we weren't this time, driven by competitive forces. We haven't been driven by customers' unilateral demands to lower prices. We haven't been forced into doing something that we didn't want to do. Three times in the past, and now for a fourth time, NeuStar has seen the wisdom and the value of taking our proven, existing services, lowering the per-unit price and as a result, accelerating their adoption in the broader market. That, it turns out has, each time in the past, driven growth in volumes and revenues in excess of what we expected.

And each time, it improved, it strengthened our customer satisfaction, and it opened up doors and avenues whereby we were able to add new features, new technologies, and new applications to the NPAC, and it is those new technologies that have kept us abreast of a fast-moving, fast-changing marketplace, have kept us relevant, have kept us in a position to be the leading provider of essential services.

The reason we did this is we want to be playing that role in the IP world. I don't think we'll need to do this again at any time in the near future, because this flat-rate pricing model fits the current demand and economic structures of the marketplace. You know what? The only reason we will unilaterally choose to go and renegotiate a signed, firm contract is if for some reason the industry needed a much broader array of new technology, or a much, much greater volume of transactions. At that time, it may be in customers' interest and in NeuStar's interest to redo things because the world has changed.

<Q - John Bright>: I can't help but to ask Paul Lalljie, first conference call. Paul, what are the terms for the additional credits? I've got to ask you a question on your first call.

<A - Paul Lalljie>: There are two types of credits. There are incentive credits for the adding of telephone numbers, which is 7.5 million, and there are incentive credits for adding the three new IP fields, 7.5 each. It is capped at 15 million at a given calendar year 2009, '10, and '11. And they are the fixed credits, which - it's 40 million in 2009, 25 in 2011, and five in - 25 in 2010 and five in 2011, and I appreciate the question, John.

Operator:

Our next question now comes from Katherine Egbert with Jefferies.

<Q - Katherine Egbert>: Hi, good afternoon. Does the payment structure for the service providers change, meaning does the telecommunications company still pay in proportion to their market share under the new contract?

<A - Jeffrey Ganek>: Yes.

<Q - Katherine Egbert>: Okay. And then I'm sorry if I missed it, I was a little bit late, how is the fixed fee \$40 million credit recognized? Is it contra revenue? Does it come out at once or quarterly?

<A - Paul Lalljie>: It's not contra revenue. Katherine, this is Paul here, it comes off the base and so if 340 is the base, it comes off the base immediately and we start with the 300 million. And then if the incentive credits are earned, those are done on a monthly basis, starting the next quarter after which the threshold is met.

<Q - Katherine Egbert>: Okay. And what's the [inaudible] on the threshold?

<A - Paul Lalljie>: The threshold for telephone numbers, it is specified in the contract. There are certain limits that would have to met and for the IP fields, it's whenever the field is in the NPAC and ready for general usage.

<Q - Katherine Egbert>: Okay. Are you guys going to file an 8-K with this new contract in it?

<A - Paul Lalljie>: Yes, we did. I think one, it crossed the wire - the SEC's website probably at 4:20.

<Q - Katherine Egbert>: Okay. All right. Thanks a lot, Paul.

<A - Paul Lalljie>: Appreciate it.

Operator:

Next question now comes from Will Power with Robert Baird.

<Q - William Power>: Great, thanks. First, just to be clear, does this contract renegotiation have any impact on any of the other contracts? I'm assuming probably not. And then secondly, as you add some of the IP fields, are there any meaningful costs associated with that that will be, I guess, borne by you all?

<A - Jeffrey Ganek>: Well, to the best of my knowledge, there are no consequences on any other contract as a result of this change. All of the impact is on the NPAC and on this contract. And the cost of adding new features and IP capabilities to the NPAC is included in our capital budgeting and plan which is this year and in the future looks to be consistent with how much we've spent in the past. So there is not an extraordinary new investment requirement out of proportion to the way we've been spending in the past.

<Q - William Power>: Okay. And I guess in addition to the three fields, IP fields, that are being added initially, I mean what's your early thought on

when it might be expanded beyond that? Is that kind of a 2011 kind of plus timeframe? Any general thoughts along those lines?

<A - Jeffrey Ganek>: First, let me comment on the timing. I'm a bit schizophrenic about this. On the one hand, the industry is going through a harsh recession that in most instances would slow down innovation and new services. And certainly there is spending constraints going on at all of the network operators. On the other hand, this is a special time in history, which, frankly, was an important influencer as we at NeuStar decided to go ahead here.

Even through the current recession, the IP revolution is picking up velocity. That is, teenagers are sitting in math class and downloading full-length movies on their iPhones. The volumes of IP traffic are expanding - or exploding very, very quickly, and as a result, all of the networks are facing a great challenge of expanding and increasing the functionality of their IP infrastructure.

And to put it in understandable terms, when new IP services - beyond just voice, beyond just SMS text, and beyond just picture messaging, when new IP services start picking up demand in the marketplace, then there will be a need for new IP data fields in the NPAC directory. And that's when these new opportunities emerge.

So what kind of IP applications could emerge in the relatively near future? Well, for example, instant messaging, or presence with the buddy list status that you see on your instant messaging screen. Push to talk over cellular could be a big IP application. Similarly video, similarly financial payments, and different levels and qualities and features of voice switching beyond simple voice applications.

How quickly could applications like those - and if we have time, there are 20 others that are on the list, how quickly are they going to be picked up in the marketplace? I don't know. But it's not going to happen in the first quarter of 2009, but boy, I'd love this year to be the directory that's got the first three IP fields in it. I'd love to be the directory that the networks are depending upon for IP routing data and I'd love to be able to say to the networks, when end user demand for those next-generation IP servers emerges, hey, we can in the NPAC quickly, cheaply, reliably, and easily expand the scope and scale of our IP data offerings and make it available as an essential piece of the infrastructure that delivers innovation and revenue opportunities to the market.

<Q - William Power>: Okay. Thank you.

Operator:

And we have time for one final question. Let's go to Scott Sutherland with Wedbush Morgan Securities.

<Q - Scott Sutherland>: Okay. So a couple of questions here guys. Knowing the

company's history in the last contract, you had some clause versus RFPs for competitive solutions, a 10% price penalty. What within this contract protects you from any competition with NPAC? Is there any sort of penalties or volume thresholds that you must keep with you and the industry to start working with a second vendor at any time?

<A - Paul Lalljie>: Hi, Scott. This is Paul here. The pricing - the triggers that we had in the prior contract, the pricing trigger still remains. That is the trigger that calls for a penalty if either parties come to the table in terms of changes to the contractual arrangement. That clause remains there. In a fixed-price contract, as it is today, I mean we do not have a specific clause or a penalty for anti-competitive purposes, but the contract itself incents increased functionality, increased usage. NeuStar believes that its quality of service, the manner in which it delivers its service, its customer relations, its infrastructure, keeping abreast with technology, those are the things that we look at from a competitive barrier, if you will.

<Q - Scott Sutherland>: The other question is, looking at the 8-K and you mentioned it already 2009, there are some adjustments that could be made if they fall below a certain transaction threshold and above. I know 2009 was 251 to 488 million. How does that threshold move up over time, and what is the adjustments that would be made?

<A - Paul Lalljie>: So the mechanism is outlined in the contract, but basically at a very high level. Essentially, it's the charges that are - or the revenues that NeuStar receives in a given calendar year, it is used to impute a transaction volume using the previous pricing table. And transactions below that threshold, or above that threshold, if you will, is priced according to that per-transaction rate that is imputed from the total charges, or total base fee.

<Q - Scott Sutherland>: You have a pretty wide range for the fixed rate, but above or below then there could be some adjustments, but the range is wide where it's fixed, right?

<A - Paul Lalljie>: Yes.

<Q - Scott Sutherland>: Okay. And if I can add one more, this is for you, Paul. Is your reporting structure going to be the same, addressing, interop, and the infrastructure?

<A - Paul Lalljie>: Yes. We will continue to record transactions, we will continue to bill our customers and report transactions to our customers, if you will, and our addressing, interoperability, infrastructure categorization, if you will, is based on the types of transactions, the ways the customers use our service, and basically the types of solutions that we

bring to the industry, and that remains the same, and it will be indicative of the health of the business, if you will, because it shows the trends in the industry. Are our customers moving towards addressing-type transactions, are they doing interoperability-type transactions, or are they doing infrastructure-type transactions, if you will?

<Q - Scott Sutherland>: Right, great. Thank you.

Operator:

At this time, I'll turn the conference back over to our presenters.

Jeffrey E. Ganek, Chairman and Chief Executive Officer:

Hi, this is Jeff Ganek again. I'd like to make a brief statement here at the end in closing. Before I do, I'd like to make clear an answer that I thought I gave earlier. I just want to make sure that my language is clear. Katherine Egbert asked if there was any change to the billing allocation scheme that is promulgated by the FCC. And the answer is there's absolutely no change in that allocation scheme set up by the FCC. That's an issue as to between our customers and the FCC. Nothing that we're doing affects that.

Before we close, please let me summarize what we've said today. In today's challenging economy, the new contract is a one-time reset of the NeuStar business at a new level. From this new level, the NPAC will produce a certain recurring revenue stream that will grow at a 10% compounded annual rate from 2009 to 2014 even through difficult recessionary times. In addition to that certain 10% growth, we'll pursue new opportunities serving next-generation IP networks that offers us additional incremental revenue. And in our non-NPAC businesses, we today have strong competitive positions in markets that are likely to grow large. While the economy makes us cautious about near-term revenue projections, we believe the long-term prospects for growth here are strong.

As a result of cost management initiatives that we implemented last year, we expect, even with this new contract, to produce EBITDA margins of at least 40% at any level of revenue in our target range. We believe that the high end of our revenue range is achievable and if revenue performance is weaker, then it's because of the economy and the market will have deteriorated considerably further from where it currently is.

As Paul told you, we have a strong balance sheet, positive cash flow, strong customer franchises, and a strong management team. Our expectations for profitability and cash performance through the recession are positive and in the long run, when the economy recovers, I believe NeuStar is well positioned for strong growth. The new business model leaves NeuStar stronger. With it, we're more confident of prospering and we're in a stronger position to pursue rich growth opportunities in the future.

Thank you, all, for spending the last hour with us, and I look forward to talking with again. Good night.

Operator:

That concludes today's conference call. Thank you for your participation.
Have a good day.

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END OF STORY 1
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Exhibit 3



**North American Portability
Management, LLC**

November 20, 2008

Joel Zamlong
Telcordia Technologies, Inc
One Telcordia Dr.
Piscataway, NJ 08854

Dear Joel Zamlong:

The Purpose of this Correspondence

This correspondence is being sent as part of the continuing good faith efforts of the North American Portability Management LLC (the "NAPM LLC") fairly to consider and to evaluate Telcordia's unsolicited presentations for an NPAC/SMS solution. The NAPM LLC stands ready, as it always has, subject to binding contractual and regulatory limitations, to explore meaningful unsolicited presentations that can be shown to deliver improved functionality, reliability and efficiency at materially reduced cost to the industry and the public and that adequately address issues of transition and interoperability. The NAPM LLC genuinely is interested in investigating and evaluating proposals and ideas, even if unsolicited, that can be shown to satisfy these pre-requisites, as demonstrated both by the level and seriousness of the questioning by the NAPM LLC Members at each of the several presentations by Telcordia and by the willingness of the Members to entertain and to schedule successive presentations by Telcordia at the Members' meetings. In addition, the NAPM LLC's interest in fairly and thoroughly considering Telcordia's unsolicited presentations is also evidenced by the requests for various clarifications.

We advised Telcordia at the last Members' meeting in September 2008 that Telcordia representatives attended that the Vendor Proposal Advisory Committee of the NAPM LLC (the "VPAC") had determined that it was then at a point in its evaluation process that it would be presenting its recommendations for proceeding to the general membership. The VPAC is a standing advisory committee of the NAPM LLC that is charged with considering potential vendor presentations, including unsolicited proposals, and presenting its recommendations to the Members for action by the Members as they deem appropriate. The purpose of this correspondence is (1) to

advise Telcordia that the VPAC, in fact, presented its recommendations to the Members at the October 2008 meeting of the Members, and (2) to communicate to Telcordia the further actions that have been approved by the Members with respect to Telcordia's unsolicited presentations.

Decision Not to Continue Consideration of the Regional or Primary-Standby Administrator Models.

The VPAC concluded that Telcordia identified three distinct prospective NPAC models in its various presentations: (1) the Regional Model, with Telcordia acting as the sole NPAC administrator in one or more separate United States Service Areas (referred to as Regions); (2) the Primary-Standby Administrator Model, which is essentially a variation on the Regional Model, with Telcordia acting as the Primary Administrator in one or more Regions and the existing NPAC Administrator or another administrator acting as the Standby Administrator in those Regions; and (3) the Multi-Peering Administrator Model. The Members have concluded and determined that the NAPM LLC does not wish to continue consideration or to pursue further at this time either the Regional Model or the Primary-Standby Administrator Model, because those models will not provide Users with a sufficient level of vendor choice that the Members of the NAPM LLC believe will best serve and benefit consumers and considering the relative risks and benefits of the respective models.

Decision on How Best To Proceed With Continued Consideration of the Multi-Peering Administrator Model.

The Members were favorably impressed with the diligence and initial detail reflected in Telcordia's Multi-Peering Administrator Model and with Telcordia's candid recognition of the complexity and challenges inherent in that model. The Members also appreciated the conceptual and potential ability of this model to provide Users with a sufficient level of vendor choice that the Members of the NAPM LLC believe will best serve and benefit consumers. Accordingly, the Members have determined that the Multi-Peering Administrator Model deserves and warrants consideration and further evaluation.

In its most recent presentations, Telcordia recognized the various technical, regulatory, operational and financial impediments to any kind of quick and simple implementation of the Multi-Peering Administrator Model, and Telcordia identified proposed solutions, options, timelines and business cases for consideration, including the effects on critical elements, such as pricing and costs savings, and regulatory and technical modifications. Accordingly, the Members have determined that in order to proceed with consideration of this model, it is necessary for Telcordia to initiate appropriate industry-wide subject matter expert consideration, review and buy-off of the various technical issues and challenges raised by Telcordia and the solutions to those issues and challenges, including the appropriate changes or revisions to applicable specifications such as the Functional Requirements Specifications and Interoperability Interface Specifications. As Telcordia is aware, the NAPM LLC is not charged with, nor

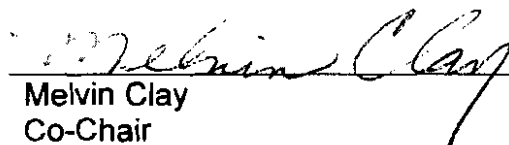
has it ever exercised authority with respect to, the development of technical specifications; that is and always has been the purview of appropriate subject matter expert groups.


Subsequent to the subject matter expert review, evaluation and solution process, the Members of the NAPM LLC or a small group of Members would be willing, as requested by Telcordia representatives, to meet with representatives of Telcordia to better understand the precise price, cost and savings consequences of the Multi-Peering Administrator Model. This would not be a negotiation session or in any way reflect or imply any decision to proceed with or to adopt any proposal at this time. It would merely be convened to ensure an adequate understanding of the price, cost and savings consequences of the Multi-Peering Administrator Model.

Reiteration of Scope of Discussions

This correspondence and the actions set forth herein are not and shall not be interpreted to be advocating, endorsing, adopting, or approving the development, implementation or use of an alternate TN-level routing administration capability; accepting or approving a proposal or offer to provide NPAC/SMS-type services in any United States Service Area; or expressing an intent to issue, or otherwise to issue, a Request for Information (RFI), a Request for Quotation (RFQ), a Request for Proposals (RFP) or other similar request for the provision of NPAC/SMS-type services in any United States Service Area. The Members of the NAPM LLC hope that this correspondence adequately and clearly sets forth the decisions of the NAPM LLC on this matter.

Sincerely,


Melvin Clay
Co-Chair
North American Portability Management LLC


Timothy Decker
Co-Chair
North American Portability Management LLC